

**IOWA VALLEY
COMMUNITY COLLEGE DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2011

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OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors		
Conrad DeJardin	President	2011
Yvonne Mallory	Vice President	2013
Debra Johnson	Member	2011
Larry Johnson	Member	2011
Deborah Jones	Member	2013
Delbert Kellogg	Member	2013
Paul Pohlson	Member	2011

Community College

Dr. Christopher Duree	Chancellor
Dan Gillen (July 1, 2010 through June 10, 2011)	Vice President – Finance and Facilities Management and Board Treasurer
Barbara Jennings	Board Secretary

**IOWA VALLEY
COMMUNITY COLLEGE DISTRICT**



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Iowa Valley Community College District
Marshalltown, Iowa

We have audited the accompanying financial statements of business-type activities and aggregate discretely presented component units of Iowa Valley Community College District (District), Marshalltown, Iowa, except as discussed in the following paragraphs, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The financial statements of Marshalltown Community College Foundation and Ellsworth Community College Foundation (Foundations) have not been audited, and we were not engaged to audit the Foundations' financial statements as part of the District's basic financial statements. The Foundations' financial activities are included in the District's basic financial statements as discretely presented component units and represent 100% of the assets, net assets and revenues of the District's aggregate discretely presented component units.

Because the Foundations' financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the aggregate discretely presented component units of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year ended June 30, 2011.

In addition, in our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Iowa Valley Community College District as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2012 on our consideration of Iowa Valley Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 34, respectively, are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. Other auditors previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (none of which are presented herein) and expressed unqualified opinion on those financial statements. The schedules listed in the table of contents as supplementary information, as well as the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Schneid Company C.L.P." The signature is stylized and cursive.

Fort Dodge, Iowa
March 12, 2012

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Iowa Valley Community College District (the District) provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- District operating revenues increased 7%, or approximately \$1.4 million compared to fiscal year 2010. The gain was primarily due to increases in federal appropriations, Auxiliary enterprises revenue and miscellaneous revenue.
- District operating expenses decreased 3%, or approximately \$1.2 million compared to fiscal year 2010. The decrease was primarily due to decreases in physical plant, administration, and cooperative services.
- The District's net assets increased 25%, or approximately \$7 million from fiscal year 2010.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, and supplementary information provides detailed information about the individual funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the District as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Statement of Net Assets

	June 30	
	2011	2010
Current assets and other assets	\$ 26,506,035	\$ 21,562,096
Capital assets, net of accumulated depreciation	63,023,309	61,894,476
Total assets	89,529,344	83,456,572
Current liabilities	19,945,921	18,834,831
Noncurrent liabilities	34,870,829	36,899,854
Total liabilities	54,816,750	55,734,685
Net assets:		
Invested in capital assets, net of related debt	28,393,264	26,861,188
Restricted	2,277,810	2,012,330
Unrestricted	4,041,520	(1,151,631)
Total net assets	\$ 34,712,594	\$ 27,721,887

The largest portion of the District's net assets (82%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (7%) includes resources that are subject to external restrictions. The remaining net assets (11%) are the unrestricted net assets that can be used to meet the District's obligations as they come due.

Fiscal Year 2011: The District entered into dormitory revenue bond refunding totaling \$6,160,000 in order to lower interest rates. Prior to the refunding, interest rates ranged from 3.9% to 5.75%. After the refunding, the interest rates ranged from 3.00% to 4.65%.

Fiscal Year 2010: The District issued contracts payable of approximately \$700,000 and took out another USDA 0% rural development loan in the amount of \$300,000. This debt was used to fund equipment purchases and continue to fund building of the new Agricultural and Renewable Energy Center.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT AS A WHOLE (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues of the District, both operating and non-operating, and the expenses incurred by the District, operating and non-operating, and any other revenues, expenses, gains and losses of the District.

In general, a public college such as Iowa Valley Community College District will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year Ended June 30	
	2011	2010
Operating revenues:		
Tuition and fees	\$ 5,706,354	\$ 6,103,050
Federal appropriations	4,379,551	3,845,687
Iowa Industrial New Jobs Training Program	734,179	755,284
Auxiliary enterprise revenue	5,300,121	4,301,360
Miscellaneous	4,622,167	4,318,665
Nonoperating revenues:		
State appropriations	8,404,161	8,339,792
Pell grant	6,158,052	5,185,437
Property tax	8,158,905	8,387,272
Interest income on investments	29,730	85,950
Total revenues	43,493,220	41,322,497
Operating expenses	35,103,290	36,346,826
Interest on indebtedness	1,669,208	1,410,313
Total expenses	36,772,498	37,757,139
Transfers from agency fund	269,985	275,407
Increase in net assets	6,990,707	3,840,765
Net assets beginning of year	27,721,887	23,881,122
Net assets end of year	\$ 34,712,594	\$ 27,721,887

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT AS A WHOLE (CONTINUED)

Total Revenue by Source

In fiscal year 2011, operating revenues increased by approximately \$1.4 million. The following factors represent the significant changes:

- Federal appropriations increased approximately \$500,000 which supplemented State General Aid and Auxiliary enterprise revenue increased approximately \$999,000.

Operating Expenses

	Year Ended June 30	
	2011	2010
Education and Support:		
Liberal arts and sciences	\$ 7,028,139	\$ 6,563,330
Vocational technical	3,632,801	3,197,255
Adult education	3,934,731	4,385,891
Cooperative services	139,859	906,370
Administration	3,532,307	4,052,781
Student services	1,824,205	2,226,385
Learning resources	308,779	403,881
Physical plant	3,130,935	4,547,661
General institution	3,236,608	3,080,680
Auxiliary enterprises	5,738,336	4,836,633
Loan cancellations and bad debt	61,719	76,977
Depreciation	2,534,871	2,068,982
	<u>\$ 35,103,290</u>	<u>\$ 36,346,826</u>

Total Expenses

In fiscal year 2011, operating expenses decreased by approximately \$1.2 million. The following factors represent the significant changes:

- Cooperative services costs decreased approximately \$767,000, physical plant costs decreased approximately \$1,417,000, Auxiliary enterprise costs increased approximately \$902,000, Administration decreased by approximately \$520,000, and depreciation increased approximately \$466,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT AS A WHOLE (CONTINUED)

Statement of Cash Flows

A statement included in Iowa Valley Community College District's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows

	Year Ended June 30	
	2011	2010
Cash provided by (used in):		
Operating activities	\$ (13,919,043)	\$ (15,606,921)
Noncapital financing activities	23,012,810	21,963,626
Capital and related financing activities	(7,473,026)	(8,824,208)
Investing activities	29,730	85,950
Net increase (decrease) in cash	1,650,471	(2,381,553)
Cash:		
Beginning	9,473,362	11,854,915
Ending	\$ 11,123,833	\$ 9,473,362

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property taxes received by the District. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received and the net change in pooled investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

At June 30, 2011, the District had approximately \$63 million invested in capital assets, net of accumulated depreciation of approximately \$23 million. Depreciation charges totaled \$2,534,871 for fiscal year 2011. Details of the capital assets are shown below.

Capital Assets (Excluding Component Units), Net

	Year Ended June 30	
	2011	2010
Land	\$ 3,463,786	\$ 3,368,887
Construction in progress	1,861,067	108,284
Buildings	54,503,126	55,716,345
Improvements other than buildings	740,113	540,479
Equipment and vehicles	2,455,217	2,160,481
Totals	\$ 63,023,309	\$ 61,894,476

More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

DEBT

At June 30, 2011, the District had approximately \$38 million in debt outstanding, a decrease of \$2,149,617 from fiscal year 2010. The table below summarizes these amounts by type.

Outstanding Debt

	Year Ended June 30	
	2011	2010
Certificates payable	\$ 3,480,000	\$ 4,475,000
Notes payable and revenue bonds	34,630,045	35,784,662
	\$ 38,110,045	\$ 40,259,662

More detailed information about the District's outstanding debt is presented in Note 4 to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS

Iowa Valley Community College District experienced an increase in the unrestricted general operating fund (fund 1) net assets of approximately \$51,000. This is a decrease from the previous fiscal year's increase in unrestricted general operating fund net assets of approximately \$600,000.

Economic factors and trends that continue to draw a great deal of scrutiny by the District are:

- All state appropriations increased approximately \$64,000 in fiscal year 2011, an increase of less than 1%. State general aid for fiscal year 2010 had been backfilled by ARRA Stimulus Funds; however, those funds were not available for fiscal year 2011.
- Property valuations increased approximately \$136,500,000 or 3.3% for the 2012 collection year. For the 2013 collection year, the increase is \$137,000,000 or 3%.
- Property tax from the .2025 fixed-rate levy comprised 3.6% of general operating fund revenue in fiscal year 2011.
- Tuition and fee revenue collections in the general operating fund were consistent and are the largest source of revenue for the fund, representing 55% of the total general operating fund revenues. While it is a significant amount of revenue, it is difficult to predict and budget due to the many variables that impact actual enrollment and the tuition and fees generated. Continued tuition rate increases create hardships for individuals seeking a college education and access to life-long learning opportunities.
- Student enrollment for fiscal year 2010 had a moderate increase for credit hours as compared to a slight decrease in fiscal year 2009. In 2011 there was a significant increase in the number of credit hours. The District must continue to be aggressive in recruiting and retaining students. The impact of enrollment on the fiscal condition of the District is significant and immediate.
- Industrial New Jobs Training (260E) Projects have provided valuable resources for area business and industry for the expansion and training of their labor forces. With the downturn of the economy in recent years, it has become increasingly difficult for area businesses and industries to meet long-term debt obligation commitments for the 260E projects. This is an area of concern that is continually monitored by the District.
- Labor costs to include health insurance continue to represent 70% of expenditures in the unrestricted general operating fund. Labor costs increase as a result of the collective bargaining negotiated settlement trend and have recently averaged 3.35% per year.
- Utilities, custodial and maintenance costs continue to rise primarily due to recent construction projects that have added a significant increase in physical plant square footage. Utility costs are funded by the fixed rate Plant Fund levy, and for Iowa Valley, these costs have grown to surpass the tax resource leaving no funds for maintenance. Those additional utility costs and maintenance expenditures then fall on the Unrestricted General Operating Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa 50158.

**IOWA VALLEY
COMMUNITY COLLEGE DISTRICT**

BASIC FINANCIAL STATEMENTS

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS	Primary Institution
Current Assets:	
Cash and short-term investments	\$ 10,859,491
Restricted cash and short-term investments	264,342
Receivables:	
Accounts, net of allowance of \$3,110,335	2,888,909
Property tax:	
Delinquent	1,167,070
Succeeding year	8,025,332
Due from other governments	1,932,997
Inventories	374,340
Prepaid expenses	588,456
Total current assets	26,100,937
Noncurrent Assets:	
Receivables, Iowa Industrial New Jobs Training Program	405,098
Capital assets:	
Nondepreciable:	
Land	3,463,786
Construction in progress	1,861,067
Depreciable:	
Buildings	72,257,446
Improvements other than buildings	1,082,535
Equipment and vehicles	6,956,218
Accumulated depreciation	(22,597,743)
Total noncurrent assets	63,428,407
 Total assets	 \$ 89,529,344

See Notes to Basic Financial Statements.

Exhibit A

LIABILITIES AND NET ASSETS	Primary Institution
Current Liabilities:	
Accounts payable	\$ 864,179
Salaries and benefits payable	1,751,701
Accrued interest on notes and certificates payable	156,169
Deferred revenue:	
Succeeding year property tax	8,025,332
Other	2,589,944
Early retirement payable	507,115
Compensated absences	323,602
Certificates payable	820,000
Notes payable, revenue and general obligation bonds	3,884,830
Deposits held in custody for others	1,023,049
Total current liabilities	19,945,921
Noncurrent Liabilities:	
Early retirement payable	1,267,198
OPEB payable	198,416
Certificates payable	2,660,000
Notes payable, revenue and general obligation bonds	30,745,215
Total noncurrent liabilities	34,870,829
Total liabilities	54,816,750
Net Assets:	
Invested in capital assets, net of related debt	28,393,264
Restricted for:	
Expendable:	
Scholarships and fellowships	38,492
Cash reserve	264,342
Loans	33,532
Iowa Industrial New Jobs Training Program	646,108
Other	1,295,336
Unrestricted	4,041,520
Total net assets	34,712,594
Total liabilities and net assets	\$ 89,529,344

IOWA VALLEY COMMUNITY COLLEGE DISTRICT**Exhibit B****STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Year Ended June 30, 2011**

	Primary Institution
Revenues:	
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$6,708,968	\$ 5,706,354
Federal appropriations	4,379,551
Iowa Industrial New Jobs Training Program	734,179
Auxiliary enterprises revenue	5,300,121
Miscellaneous	4,622,167
Total operating revenues	20,742,372
Expenses:	
Operating expenses:	
Education and support:	
Liberal arts and sciences	7,028,139
Vocational technical	3,632,801
Adult education	3,934,731
Cooperative services	139,859
Administration	3,532,307
Student services	1,824,205
Learning resources	308,779
Physical plant	3,130,935
General institution	3,236,608
Auxiliary enterprises	5,738,336
Loan cancellations and bad debt	61,719
Depreciation	2,534,871
Total operating expenses	35,103,290
Operating (loss)	(14,360,918)

(Continued on next page)

IOWA VALLEY COMMUNITY COLLEGE DISTRICT**Exhibit B
(Continued)****STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (CONTINUED)
Year Ended June 30, 2011**

	Primary Institution
Nonoperating revenues (expenses):	
State appropriations	\$ 8,404,161
Pell grant	6,158,052
Property tax	8,158,905
Investment earnings	29,730
Interest on indebtedness	(1,669,208)
Net nonoperating revenues (expenses)	21,081,640
Change in net assets	6,720,722
Transfers from agency fund	269,985
Total change in net assets	6,990,707
Net assets beginning of year	27,721,887
Net assets end of year	<u><u>\$ 34,712,594</u></u>

IOWA VALLEY COMMUNITY COLLEGE DISTRICT**Exhibit C****STATEMENT OF CASH FLOWS**
Year Ended June 30, 2011

	Primary Institution
Cash Flows from Operating Activities:	
Cash received from tuition and fees	\$ 5,831,179
Cash received from federal appropriations	4,379,551
Cash received from Iowa Industrial New Jobs Training Program	689,112
Payments to employees for salaries and benefits	(18,851,262)
Payments to suppliers for goods and services	(18,768,935)
Auxiliary enterprise receipts	5,300,121
Other receipts	7,501,191
Net cash used by operating activities	(13,919,043)
Cash Flows from Non-Capital Financing Activities:	
Transfers from agency funds	269,985
State appropriations	8,404,161
Pell grant	6,158,052
Property tax	7,763,126
Miscellaneous Agency Fund receipts	11,003,708
Miscellaneous Agency Fund disbursements	(10,586,222)
Net cash provided by non-capital financing activities	23,012,810
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of debt	6,220,000
Acquisition of capital assets	(3,663,704)
Principal paid on debt	(8,369,617)
Interest paid on debt	(1,659,705)
Net cash used by capital and related financing activities	(7,473,026)
Cash Flows from Investing Activities:	
Interest from investments	29,730
Net cash provided by investing activities	29,730
Net increase in cash and short-term pooled investments	1,650,471
Cash and short-term pooled investments beginning of year	9,473,362
Cash and short-term pooled investments end of year	\$ 11,123,833

(Continued on next page)

IOWA VALLEY COMMUNITY COLLEGE DISTRICT**Exhibit C
(Continued)****STATEMENT OF CASH FLOWS****Year Ended June 30, 2011**

	Primary Institution
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (14,360,918)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	2,534,871
Changes in assets and liabilities:	
Increase in accounts receivable	(1,512,856)
Increase in Iowa Industrial New Jobs Training Program	(45,067)
Increase in due from other governments	(565,664)
Increase in inventories	(58,507)
Increase in prepaid expenses	(132,684)
(Decrease) in accounts payable	(670,816)
Increase in salaries and benefits payable	178,816
Increase in early retirement and OPEB liability	269,113
(Decrease) in compensated absences	(1,934)
Increase in other deferred revenue	<u>446,603</u>
Total adjustments	<u>441,875</u>
Net cash used by operating activities	<u><u>\$ (13,919,043)</u></u>
 Summary of Cash and Short-term Pooled Investments as of June 30, 2011:	
Cash and short-term investments	\$ 10,859,491
Restricted cash and short-term investments	<u>264,342</u>
	<u><u>\$ 11,123,833</u></u>

See Notes to Basic Financial Statements.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit D

COMBINING STATEMENT OF NET ASSETS -
Component Units - Foundations (Unaudited)
December 31, 2011

	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
ASSETS			
Current Assets:			
Cash and short-term investments	\$ 543,062	\$ 1,449,791	\$ 1,992,853
	<u>543,062</u>	<u>1,449,791</u>	<u>1,992,853</u>
Noncurrent Assets:			
Investments	3,350,366	1,520,506	4,870,872
Capital assets	23,000	430,500	453,500
	<u>3,373,366</u>	<u>1,951,006</u>	<u>5,324,372</u>
Total assets	<u>\$ 3,916,428</u>	<u>\$ 3,400,797</u>	<u>\$ 7,317,225</u>
LIABILITIES AND NET ASSETS			
Liabilities	\$ -	\$ 537,045	\$ 537,045
Net assets:			
Restricted for scholarships and fellowships	-	2,368,409	2,368,409
Unrestricted	3,916,428	495,343	4,411,771
Total net assets	<u>3,916,428</u>	<u>2,863,752</u>	<u>6,780,180</u>
Total liabilities and net assets	<u>\$ 3,916,428</u>	<u>\$ 3,400,797</u>	<u>\$ 7,317,225</u>

See Notes to Basic Financial Statements.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit E

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
Component Units - Foundations (Unaudited)
Year Ended December 31, 2011**

	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
Revenues:			
Operating revenues:			
Contributions	\$ 531,619	\$ 136,214	\$ 667,833
Special events and grants	98,259	170,252	268,511
Total operating revenues	629,878	306,466	936,344
Expenses:			
Operating expenses:			
Scholarships and grants	309,811	212,702	522,513
Miscellaneous	151,711	126,432	278,143
Administration	94,895	122,436	217,331
Total operating expenses	556,417	461,570	1,017,987
Operating income (loss)	73,461	(155,104)	(81,643)
Nonoperating revenue (expenses), investment earnings	105,724	(1,637)	104,087
Increase (decrease) in net assets	179,185	(156,741)	22,444
Net assets:			
Beginning	3,737,243	3,020,493	6,757,736
Ending	\$ 3,916,428	\$ 2,863,752	\$ 6,780,180

See Notes to Basic Financial Statements.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Iowa Valley Community College District is a publicly supported school established and operated by Merged Area VI under the provisions of Chapter 260C of the Code of Iowa. The District offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, as well as training or retraining to persons who are preparing to enter the labor market. The District maintains campuses in Marshalltown, Iowa Falls and Grinnell, Iowa, and has its administrative offices in Marshalltown. The District is governed by a Board of Directors whose members are elected from each director district within Merged Area VI.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

These financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The component units are unaudited.

Discretely Presented Component Units

Marshalltown Community College District Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Marshalltown Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Marshalltown Community College.

Ellsworth Community College District Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Ellsworth Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Ellsworth Community College.

The discretely presented component units operate on a December 31, 2011 year-end. Separate unaudited financial statements can be obtained as Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa 50158.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally-imposed stipulations that they be maintained permanently by the District, including the District's permanent endowment funds.

Expendable – Net assets whose use by the District is subject to externally-imposed stipulations that can be fulfilled by actions of the District, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally-imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the District.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures,:

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets

Cash and Short-term Pooled Investments: For purposes of the statement of cash flows, all short-term deposits or cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily converted to known amounts of cash and, at the date of purchase, have a maturity no longer than three months.

Investments: Investments are stated at their fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Due from Other Governments: This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories: Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP): This represents the amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2011 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets: Capital assets, which include land, buildings, improvements other than buildings, equipment and vehicles and construction-in-process, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the District was \$1,669,208 and \$17,685 was capitalized in connection with the District's construction projects.

Capital assets are defined by the District as assets with initial, individual costs in excess of \$5,000.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	40
Improvements other than buildings	20
Equipment	5 - 20
Vehicles	5

The District does not capitalize or depreciate library books. The collection is unencumbered, held for public education, protected, cared for and preserved, and the proceeds from the sale of library books, if any, are not material to the District.

Salaries and Benefits Payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue: Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been earned. Deferred revenue consists primarily of unspent grant proceeds and the succeeding year property tax receivable.

Compensated Absences: District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2011.

Accrued Interest Payable: Interest on long-term indebtedness is recorded as a liability when the interest is incurred.

Deposits Held in Custody for Others: These deposits consist primarily of funds for student organizations and 260F agreements.

Refundable Advances on Student Loans: The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues and Expenses: Auxiliary enterprise revenues and expenses primarily represent revenues generated and expenses associated with the bookstore, cafeteria, athletics and housing. Revenues are recognized when goods or services are provided.

Summer Session: The District operates summer sessions during May, June and July including Internet sessions. Revenues and expenses for the regular and Internet summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the District Registrar.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets (Continued)

Tuition and Fees: Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses. Tuition revenue is recognized as earned by providing classes.

Income Taxes: The District is exempt from income tax as a local government unit. The Marshalltown Community College District Foundation and the Ellsworth College Foundation have qualified for exemption from income tax under Section 501c(3) of the Internal Revenue Code.

Operating and Nonoperating Activities: Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations; Pell grants, property tax and interest income.

Transfers: Transfers from agency funds were primarily composed of amounts from student fees used in support of athletics.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Net Assets: Net assets are classified according to restrictions or availability of assets for satisfaction of District obligations. Invested in capital assets, net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net assets represent the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, donors or outside agencies. All remaining net assets are unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Scholarship Allowances and Student Aid: Financial aid to students is reported in the financial statements under the alternative method, as presented by the National Association of College and University Business Officials (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total college basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

Subsequent Events: Subsequent events have been evaluated through March 12, 2012, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District is authorized by statute to invest public funds in obligations of the United States government; its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage ditch.

Concentration of credit risk: The District's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The policy does not allow the District to invest in reverse purchase agreements, futures or options. The District did not have any investments in any one issuer that represents 5% or more of total District investments. Money market funds and mutual funds are excluded from this consideration give the District does not "hold" the underlying investments.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

Investments consist principally of certificates of deposit at June 30, 2011 and total \$3,750,000. These investments are included within cash and short-term investments on the Statement of Net Assets.

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 3,368,887	\$ 94,899	\$ -	\$ 3,463,786
Construction in progress	108,284	1,752,783	-	1,861,067
Total capital assets not being depreciated	3,477,171	1,847,682	-	5,324,853
Capital assets being depreciated:				
Buildings	71,476,584	780,862	-	72,257,446
Improvements other than building	851,699	230,836	-	1,082,535
Equipment and vehicles	6,383,031	804,324	231,137	6,956,218
Total capital assets being depreciated	78,711,314	1,816,022	231,137	80,296,199
Less accumulated depreciation for:				
Buildings	15,760,239	1,994,081	-	17,754,320
Improvements other than building	311,220	31,202	-	342,422
Equipment and vehicles	4,222,550	509,588	231,137	4,501,001
Total accumulated depreciation	20,294,009	2,534,871	231,137	22,597,743
Total capital assets being depreciated, net	58,417,305	(718,849)	-	57,698,456
Capital assets, net	\$ 61,894,476	\$ 1,128,833	\$ -	\$ 63,023,309

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2011 is as follows:

	Compensated Absences	Early Retirement Payable	OPEB Payable	Certificates Payable	Notes Payable, Revenue and General Obligation	Total
Balance, beginning of year	\$ 325,536	\$ 1,549,897	\$ 153,719	\$ 4,475,000	\$ 35,784,662	\$ 42,288,814
Additions	323,602	858,524	44,697	-	6,220,000	7,446,823
Reductions	325,536	634,108		995,000	7,374,617	9,329,261
Balance, end of year	323,602	1,774,313	198,416	3,480,000	34,630,045	59,064,898
Less current portion	(323,602)	(507,115)	-	(820,000)	(3,884,830)	(5,535,547)
Total noncurrent liabilities	\$ -	\$ 1,267,198	\$ 198,416	\$ 2,660,000	\$ 30,745,215	\$ 34,870,829

Notes Payable, Revenue and General Obligation Bonds:

The District has issued notes payable, revenue and general obligation bonds for the purchase and construction of District properties as allowed by Section 260C.19 of the Code of Iowa. Details of scheduled maturities for the District's June 30, 2011 notes payable, revenue and general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 3,884,830	\$ 1,318,422	\$ 5,203,252
2013	4,026,565	1,182,409	5,208,974
2014	4,173,312	1,035,135	5,208,447
2015	4,320,055	882,080	5,202,135
2016-2019	12,290,283	1,996,627	14,286,910
2020-2024	2,745,000	1,117,664	3,862,664
2025-2029	2,735,000	457,482	3,192,482
2030	455,000	21,157	476,157
Total	\$ 34,630,045	\$ 8,010,976	\$ 42,641,021

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Noncurrent Liabilities (Continued)

Notes Payable, Revenue and General Obligation Bonds (continued)

Notes payable, revenue and general obligation bonds consisted of the following principal balances as of June 30, 2011:

General obligation bonds dated April 1, 2009, with interest rates between 2.45% and 3.85%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	\$ 5,015,000
Dormitory revenue bonds dated December 1, 2010, with interest rates between 3.00% and 4.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2030. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	6,160,000
Student housing revenue refund bonds dated June 1, 2008, with interest rates between 2.75% and 4.70%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2026. The real estate, student housing facilities and related personal property are collateral for the debt.	940,000
General obligation bonds dated February 1, 2007, with interest rates between 3.50% and 4.00%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2017. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	12,900,000
Dormitory revenue bonds dated October 1, 2007, with interest rates between 4.25% and 5.40%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2027. The revenue stream, real estate, student housing facilities and related personal property are collateral for the debt.	2,040,000

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Noncurrent Liabilities (Continued)

Notes Payable, Revenue and General Obligation Bonds (continued)

General obligation bonds dated June 1, 2008, with interest rates between 3.25% and 3.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	\$ 6,565,000
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U.S. Department of Agriculture, Rural Economic Development loan dated December 2008, with interest rate of 0%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2018. The revenue stream, real estate, dormitory facilities and related personal property are collateral for the debt.	281,250
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Alliant Energy contracts dated January 2010, with an interest rate of approximately 6.30%. Principal payments of a total of \$10,477 are due monthly with a maturity date of March 2016. Equipment purchase is collateral for the debt.	488,795
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U.S. Department of Agriculture, Rural Economic Development loan dated December 2009, with interest rate of 0%. Principal payments of \$60,000 are due annually, with a maturity date of December 1, 2014. Agricultural and Renewable Energy Center on the ECC campus is collateral for the debt.	240,000
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	\$ 34,630,045
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Certificates Payable:

Pursuant to agreements dated from June 2003 to June 2010, the District has outstanding certificates totaling \$3,480,000 as of June 30, 2011 with net interest rates ranging from 2.30% to 6.25% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits, from withholding taxes, incremental property taxes, and in the case of default, from standby property taxes collected pursuant to Chapter 260E.

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Noncurrent Liabilities (Continued)

Certificates Payable:

The certificates will mature as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 820,000	\$ 133,035	\$ 953,035
2013	820,000	90,838	910,838
2014	515,000	64,098	579,098
2015	270,000	51,850	321,850
2016	275,000	38,240	313,240
2017-2019	780,000	44,350	824,350
	<u>\$ 3,480,000</u>	<u>\$ 422,411</u>	<u>\$ 3,902,411</u>

Since inception, the District has administered 126 projects, with 23 currently receiving project funding. Of the remaining projects, 103 have been completed and closed.

Note 5. Operating Leases

The District leases certain property under operating leases that expire at varying dates. Most of the operating leases provide the District with the option to renew the lease at a fair rental value at the end of the initial lease term. Generally, management expects that the leases will be renewed or replaced by other leases in the normal course of business. Minimum payments for operating leases having initial or remaining noncancelable terms in excess of one year are as follows:

Year Ending June 30	Amount
2012	\$ 239,115
2013	140,731
2014	139,000
	<u>\$ 518,846</u>

Total rent expense for all operating leases was \$245,427 for the year ended June 30, 2011.

Note 6. Iowa Public Employees Retirement System (IPERS)

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

NOTES TO FINANCIAL STATEMENTS

Note 6. Iowa Public Employees Retirement System (IPERS) (Continued)

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$475,993, \$392,848 and \$394,406, respectively, equal to the required contributions for each year.

Note 7. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)

The District contributes to the TIAA-CREF retirement program that is a defined contribution plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.50% and the District is required to contribute 6.95%. The District's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2011 were \$418,129 and \$270,731, respectively.

Note 8. Early Retirement

The District approved an Early Retirement Incentive Plan (ERIP) effective December 8, 2010. The plan expired on June 30, 2011.

To be eligible for ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of continuous service with the District. Retirement is to be effective June 30, 2011. Participation must be approved by the Chancellor.

An employee approved for participation in the program will receive the following incentives:

1. Early Retirement Incentive lump-sum cash severance amount of up to 50% of the employee's annual salary during the year of the request.
2. The employee's single deductible health insurance premium shall be paid on a monthly basis until the retiree becomes eligible for Medicare.

The employee received the cash benefits in 36 equal installments commencing on July 15, 2011. The lump-sum payment liability is \$764,776 and is recorded as early retirement payable.

The current year cost to the District was \$858,524 including 43 participants in the health insurance plan. The liability for the participation in the health plan is \$1,009,537 and is recorded as early retirement payable. This portion of the liability will be paid over the next eight years. The liability was calculated using the District's share of health premiums at the time of retirement to estimate costs.

An early retirement plan has been approved for fiscal year 2012.

NOTES TO FINANCIAL STATEMENTS

Note 9. Risk Pool

The District is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose members include Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members and to provide general liabilities, automobile liability, automobile physical damage, public official bonds, property and inland marine, errors and omissions and School Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary bonds, and boiler and machinery insurance coverage for its member colleges. There have been no reductions in insurance coverage from prior years.

The member's annual contributions are to fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, IMPACC's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year. The District's contributions to the risk-sharing pool are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year ended June 30, 2011 were \$980,669.

The College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$200,000 per claim, except for errors and omissions which has a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions which is \$900,000 and workers' compensation which is \$300,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self-insured retention of up to \$250,000,000. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 and boiler and machinery coverage up to \$100,000,000. Stop gap loss protection is provided above the member's loss fund.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the College's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, and underground storage tanks. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post employment Benefits Plan (OPEB)

Plan Description - The District operates a single-employer other post employment benefit plan that provides medical benefits to all active (220) and retired employees (43). All full-time or regular part-time administrator, faculty, professional service or support staff employees are eligible to participate in the Plan. The employees must have terminated service with the District through retirement after the age of 55 and have worked for the District for the most recent 10 consecutive years of service.

Medical Benefit: The District provides medical benefits through a plan, purchased from Well mark Bluecross/Blueshield. Retirees under age 65 pay the same premium for the medical benefit as active employees which results in an implicit subsidy and OPEB liability.

Funding Policy - The District establishes and amends contribution requirements. The District pays the single retiree premium until age 65; eligible family is required to contribute 100% of the premium. The current funding policy of the District is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 303,077
Interest on OPEB obligation	4,960
Annual OPEB cost	308,037
Contributions and payments made	(263,341)
Increase in net OPEB obligation	44,696
 Net OPEB obligation - July 1, 2010	 153,720
 Net OPEB obligation - June 30, 2011	 <u>\$ 198,416</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2011 and the two preceding years follows. Fiscal year ended June 30, 2009 was the adoption year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 240,313	43.91%	\$ 134,797
June 30, 2010	263,442	92.91%	153,719
June 30, 2011	308,037	85.49%	198,416

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Plan (OPEB) (Continued)

Funded Status and Funding Progress – The results of the July 1, 2010 valuation were rolled forward to June 30, 2011. As of July 1, 2010, the most recent actuarial valuation, the plan was 0% funded. The District's actuarial accrued liability for benefits was \$2,392,229, and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$2,392,229. The covered payroll (annual payroll of active employees covered by the plan) was \$14,004,887 and the ratio of the UAAL to covered payroll was 17.08%.

Actuarial Methods and Assumptions - Actuarial estimates of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to Financial Statements, will present multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. In the current year, the schedule of funding progress presents only the initial year trend information.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5 % discount rate, an annual health care cost trend rate of 6.0%. The UAAL is being amortized as a level dollar amount. The amortization of UAAL is done over a period of 30 years.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

**IOWA VALLEY
COMMUNITY COLLEGE DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

IOWA VALLEY COMMUNITY COLLEGE DISTRICT**SCHEDULE OF FUNDING PROGRESS****FOR THE POSTRETIREMENT MEDICAL BENEFIT PLAN****Year Ended June 30, 2011****(In Thousands)****Required Supplementary Information**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
June 30, 2009	July 1, 2008	\$ -	\$ 2,353,920	\$ (2,353,920)	0%	\$ 13,522,025	17.41%
June 30, 2010	July 1, 2008	-	2,353,920	(2,353,920)	0%	13,425,127	17.53%
June 30, 2011	July 1, 2010	-	2,392,229	(2,392,229)	0%	14,004,887	17.08%

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation as of July 1, 2010. Additional information follows:

1. The cost method used to determine the ARC is the projected unit credit actuarial cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: Healthcare cost trend rate of 6%, discount rate of 2.5%.
4. The amortization method is level dollar over a period of 30 years.

OTHER SUPPLEMENTARY INFORMATION

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule 1

**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
Year Ended June 30, 2011**

Funds/Levy	Original and Final Budget	Actual	Variance Between Actual and Amended Budget
Unrestricted	\$ 22,291,793	\$ 21,167,673	\$ 1,124,120
Restricted	4,637,053	3,760,126	876,927
Unemployment	73,612	27,021	46,591
Tort liability	115,714	-	115,714
Insurance	1,175,195	1,103,210	71,985
Early retirement	465,297	673,156	(207,859)
Equipment replacement	587,477	268,155	319,322
Standby	171,419	-	171,419
Total restricted	7,225,767	5,831,668	1,394,099
Plant	1,449,992	3,592,153	(2,142,161)
Bonds and interest	4,242,868	1,455,335	2,787,533
Total	\$ 35,210,420	\$ 32,046,829	\$ 3,163,591

See Note to Supplementary Information on Budgetary Reporting.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the District on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act accounts, Iowa Code 260F Jobs Training, scholarships and grants account, Loan Funds and Agency Funds.

For the year ended June 30, 2011, the District's expenditures did not exceed the amount budgeted.

See accompanying Independent Auditor's Report.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

BALANCE SHEET - ALL FUNDS

June 30, 2011

		Current Funds	
Assets		General Unrestricted Funds	General Restricted Funds
Current Assets:			
Cash and short-term investments		\$ 4,592,548	\$ 5,316,605
Restricted cash and short-term investments		-	264,342
Receivables:			
Accounts, net of allowance of \$3,110,335		897,422	926,922
Property tax		824,367	3,278,411
Iowa Industrial New Jobs Training Program		-	405,098
Due from other governments		14,079	1,406,078
Due from other funds		-	605,311
Inventories		374,340	-
Prepaid expenses		368,906	454
Capital assets:			
Nondepreciable:			
Land		-	-
Construction in progress		-	-
Depreciable:			
Buildings		-	-
Improvements other than buildings		-	-
Equipment and vehicles		-	-
Accumulated depreciation		-	-
		<hr/>	
Total assets		\$ 7,071,662	\$ 12,203,221

See Note to Supplementary Information.

Schedule 2

Nonoperating Funds									
Loan Funds		Plant Funds		Agency Funds		Adjustments		Total	
\$	-	\$	-	\$	950,338	\$	-	\$	10,859,491
	-		-		-		-		264,342
	-		952,447		112,118		-		2,888,909
	-		5,089,624		-		-		9,192,402
	-		-		-		-		405,098
	34,531		461,115		17,194		-		1,932,997
	-		-		-		(605,311)		-
	-		-		-		-		374,340
	-		216,791		2,305		-		588,456
	-		3,463,786		-		-		3,463,786
	-		1,861,067		-		-		1,861,067
	-		72,257,446		-		-		72,257,446
	-		1,082,535		-		-		1,082,535
	-		6,956,218		-		-		6,956,218
	-		-		-		(22,597,743)		(22,597,743)
\$	34,531	\$	92,341,029	\$	1,081,955	\$	(23,203,054)	\$	89,529,344

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

BALANCE SHEET - ALL FUNDS

June 30, 2011

	Current Funds	
	General Unrestricted Funds	General Restricted Funds
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable	\$ 330,509	\$ 126,747
Salaries and benefits payable	1,738,911	7,060
Accrued interest on notes and certificates payable	-	14,380
Deferred revenue:		
Succeeding year property tax	813,149	2,203,976
Other	271,402	2,313,637
Due to other funds	-	-
Early retirement payable	-	1,774,313
Deposits held in custody for others	-	-
Compensated absences	314,412	-
OPEB payable	157,808	38,830
Certificates payable	-	3,480,000
Notes payable, revenue and general obligation bonds	-	-
Total liabilities	3,626,191	9,958,943
Fund balances:		
Invested in capital assets, net of related debt	-	-
Restricted:		
Expendable:		
Scholarships and fellowships	-	38,492
Cash reserve	-	264,342
Loans	-	-
Iowa Industrial New Jobs Training Program	-	646,108
Other	-	1,295,336
Auxiliary enterprises	1,057,024	-
Unrestricted	2,388,447	-
Total fund balances	3,445,471	2,244,278
Total liabilities and fund balances	\$ 7,071,662	\$ 12,203,221

See Note to Supplementary Information.

**Schedule 2
(Continued)**

Nonoperating Funds					
Loan Funds	Plant Funds	Agency Funds	Adjustments	Total	
\$ -	\$ 369,620	\$ 37,303	\$ -	\$	864,179
-	-	5,730	-		1,751,701
-	141,789	-	-		156,169
-	5,008,207	-	-		8,025,332
-	-	4,905	-		2,589,944
999	604,312	-	(605,311)		-
-	-	-	-		1,774,313
-	-	1,023,049	-		1,023,049
-	-	9,190	-		323,602
-	-	1,778	-		198,416
-	-	-	-		3,480,000
-	34,630,045	-	-		34,630,045
999	40,753,973	1,081,955	(605,311)		54,816,750
-	50,991,007	-	(22,597,743)		28,393,264
-	-	-	-		38,492
-	-	-	-		264,342
33,532	-	-	-		33,532
-	-	-	-		646,108
-	-	-	-		1,295,336
-	-	-	-		1,057,024
-	596,049	-	-		2,984,496
33,532	51,587,056	-	(22,597,743)		34,712,594
\$ 34,531	\$ 92,341,029	\$ 1,081,955	\$ (23,203,054)	\$	89,529,344

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL FUNDS

Year Ended June 30, 2011

	Current Funds		
	General Unrestricted Funds	General Restricted Funds	Total
Operating revenues:			
Tuition and fees	\$ 12,414,962	\$ 360	\$ 12,415,322
Federal appropriations	503,292	9,769,626	10,272,918
Iowa Industrial New Jobs Training Program	-	734,179	734,179
State appropriations	7,442,066	158,413	7,600,479
Property tax	785,324	2,566,923	3,352,247
Auxiliary enterprises revenue	5,300,121	-	5,300,121
Interest income from investments	29,104	626	29,730
Expended for plant assets, including \$1,409,547 in current operating fund expenditures	-	-	-
Miscellaneous	1,229,281	787,822	2,017,103
Total revenues and other additions	27,704,150	14,017,949	41,722,099
Expenditures and other deductions:			
Education and support:			
Liberal arts and sciences	7,011,607	28,323	7,039,930
Vocational technical	3,219,270	843,146	4,062,416
Adult education	2,300,035	1,705,736	4,005,771
Cooperative services	-	139,859	139,859
Administration	1,689,186	2,071,542	3,760,728
Student services	1,604,845	293,952	1,898,797
Learning resources	308,779	-	308,779
Physical plant	2,416,501	-	2,416,501
General institution	2,617,450	669,574	3,287,024
Scholarships and grants	-	6,708,968	6,708,968
Total education and support	21,167,673	12,461,100	33,628,773

See Note to Supplementary Information.

Schedule 3

Nonoperating Funds					
Loan Funds		Plant Funds	Adjustments	Total	
\$	-	\$	-	\$ (6,708,968)	\$ 5,706,354
	-	264,685	-		10,537,603
	-	-	-		734,179
	-	803,682	-		8,404,161
	-	4,806,658	-		8,158,905
	-	-	-		5,300,121
	-	-	-		29,730
	-	3,663,704	(3,663,704)		-
	95,251	2,509,813	-		4,622,167
	95,251	12,048,542	(10,372,672)		43,493,220
	-	-	(11,791)		7,028,139
	-	-	(429,615)		3,632,801
	-	-	(71,040)		3,934,731
	-	-	-		139,859
	-	-	(228,421)		3,532,307
	-	-	(74,592)		1,824,205
	-	-	-		308,779
	-	1,106,859	(392,425)		3,130,935
	-	-	(50,416)		3,236,608
	-	-	(6,708,968)		-
	-	1,106,859	(7,967,268)		26,768,364

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FUNDS

Year Ended June 30, 2011

	Current Funds		
	General Unrestricted Funds	General Restricted Funds	Total
Expenditures (Continued):			
Auxiliary enterprises	\$ 5,889,583	\$ -	\$ 5,889,583
Loan cancellations and bad debt	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	213,873	213,873
Expended for plant assets	-	-	-
Disposal of plant assets	-	-	-
Total expenditures and other deductions	27,057,256	12,674,973	39,732,229
Transfers among funds, including			
\$269,985 from agency funds	(595,620)	(759,276)	(1,354,896)
Net increase for the year	51,274	583,700	634,974
Fund balances beginning of year	3,394,197	1,660,578	5,054,775
Fund balances end of year	<u>\$ 3,445,471</u>	<u>\$ 2,244,278</u>	<u>\$ 5,689,749</u>

See Note to Supplementary Information.

**Schedule 3
(Continued)**

Nonoperating Funds			
Loan Funds	Plant Funds	Adjustments	Total
\$ -	\$ -	\$ (151,247)	\$ 5,738,336
61,719	-	-	61,719
-	-	2,534,871	2,534,871
-	1,455,335	-	1,669,208
-	2,254,157	(2,254,157)	-
-	231,137	(231,137)	-
61,719	5,047,488	(8,068,938)	36,772,498
-	1,624,881	-	269,985
33,532	8,625,935	(2,303,734)	6,990,707
-	42,961,121	(20,294,009)	27,721,887
\$ 33,532	\$ 51,587,056	\$ (22,597,743)	\$ 34,712,594

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year Ended June 30, 2011**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
Tuition and fees	\$ 7,487,703	\$ 3,590,237	\$ 1,018,603	\$ -
Federal appropriations	18,723	16,224	124,723	-
State appropriations	1,729	2,092	-	-
Property tax	-	-	-	-
Interest income from investments	-	-	-	-
Miscellaneous	1,038	40,189	150,025	-
Total revenues	7,509,193	3,648,742	1,293,351	-
Expenditures:				
Salaries and benefits	6,202,997	2,986,321	1,797,897	-
Services	206,130	71,286	306,739	-
Materials and supplies	69,608	140,400	162,451	-
Travel	20,244	21,143	20,614	-
Expended for plant assets	-	-	-	-
Miscellaneous	512,628	120	12,334	-
Total expenditures	7,011,607	3,219,270	2,300,035	-
Excess (deficiency) of revenues over (under) expenditures	497,586	429,472	(1,006,684)	-
Transfers, nonmandatory	(701,232)	(23,680)	373	-
Net change in fund balances	\$ (203,646)	\$ 405,792	\$ (1,006,311)	\$ -

Fund balance beginning of year

Fund balance end of year

See Note to Supplementary Information.

Schedule 4

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ 103,704	\$ -	\$ -	\$ 214,715	\$ 12,414,962
309,492	26,517	7,613	-	-	503,292
7,438,245	-	-	-	-	7,442,066
785,324	-	-	-	-	785,324
29,104	-	-	-	-	29,104
861,092	26,790	21,428	93,509	35,210	1,229,281
9,423,257	157,011	29,041	93,509	249,925	22,404,029
861,962	1,431,574	246,915	68,908	1,628,695	15,225,269
285,257	61,448	11,350	2,195,733	610,131	3,748,074
22,177	77,850	50,356	149,074	254,863	926,779
15,618	13,447	158	2,786	29,532	123,542
-	-	-	-	31,394	31,394
504,172	20,526	-	-	62,835	1,112,615
1,689,186	1,604,845	308,779	2,416,501	2,617,450	21,167,673
7,734,071	(1,447,834)	(279,738)	(2,322,992)	(2,367,525)	1,236,356
(3,865)	(67)	-	(353,840)	(24,602)	(1,106,913)
\$ 7,730,206	\$ (1,447,901)	\$ (279,738)	\$ (2,676,832)	\$ (2,392,127)	129,443
					2,259,004
					\$ 2,388,447

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

UNRESTRICTED FUND

AUXILIARY ENTERPRISES

Year Ended June 30, 2011

	Bookstore	Cafeteria Vending	Athletics
Revenues:			
Tuition and fees	\$ -	\$ -	\$ -
Federal appropriations	4,664	-	-
Sales and services	1,712,800	810,055	2,800
Miscellaneous	-	-	219,313
Total revenues	1,717,464	810,055	222,113
Expenditures and other deductions:			
Salaries and benefits	134,621	-	498,249
Services	28,047	715,789	43,720
Materials and supplies	1,517	15,357	-
Travel	1,444	-	9,604
Expended for plant assets	-	-	-
Purchases for resale	1,287,174	-	-
Miscellaneous	7,916	5,201	653,341
Total expenditures and other deductions	1,460,719	736,347	1,204,914
Excess (deficiency) of revenues over (under) expenditures	256,745	73,708	(982,801)
Transfers among funds, nonmandatory	(100,418)	-	997,585
Net change in fund balances	156,327	73,708	14,784
Fund balances beginning of year	347,279	198,786	(7,341)
Fund balances end of year	\$ 503,606	\$ 272,494	\$ 7,443

See Note to Supplementary Information.

Schedule 5

Housing	Other	Total
\$ 6,932	\$ 92,778	\$ 99,710
9,633	13,436	27,733
1,708,403	12,629	4,246,687
252,573	454,105	925,991
1,977,541	572,948	5,300,121
520,482	436,613	1,589,965
581,121	140,584	1,509,261
293,449	189,246	499,569
1,278	615	12,941
139,890	11,357	151,247
-	-	1,287,174
72,881	100,087	839,426
1,609,101	878,502	5,889,583
368,440	(305,554)	(589,462)
(479,897)	94,023	511,293
(111,457)	(211,531)	(78,169)
340,217	256,252	1,135,193
\$ 228,760	\$ 44,721	\$ 1,057,024

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
RESTRICTED FUND**

Year Ended June 30, 2011

	Insurance	Unemployment Compensation	Early Retirement	Equipment Replacement
Revenues and other additions:				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
State appropriations	-	-	-	-
Property tax	1,242,015	77,106	727,120	349,196
Interest income from investments	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues and other additions	1,242,015	77,106	727,120	349,196
Expenditures and other deductions:				
Salaries and benefits	-	27,021	673,156	-
Services	1,101,418	-	-	46,819
Materials and supplies	-	-	-	156,206
Travel	-	-	-	-
Expended for plant assets	-	-	-	65,130
Interest on indebtedness	-	-	-	-
Scholarships and grants	-	-	-	-
Miscellaneous	1,792	-	-	-
Total expenditures and other deductions	1,103,210	27,021	673,156	268,155
Excess (deficiency) of revenues over (under) expenditures	138,805	50,085	53,964	81,041

Schedule 6

Cash Reserve		Iowa Industrial New Jobs Training Program	Workforce Investment Act and Promise Jobs	Scholarships	Other	Total
\$	-	\$	-	\$	360	\$ 360
	-		1,068,574	6,521,258	2,179,794	9,769,626
	-	734,179	-	-	-	734,179
	-	-	-	-	158,413	158,413
	-	171,486	-	-	-	2,566,923
	-	-	-	84	542	626
	-	-	-	401,966	385,856	787,822
-		905,665	1,068,574	6,923,308	2,724,965	14,017,949
-		11,534	725,515	8,000	814,326	2,259,552
-		128,234	45,736	-	305,447	1,627,654
-		83,498	44,673	-	353,235	637,612
-		-	8,432	-	31,743	40,175
-		-	-	-	493,996	559,126
-		213,873	-	-	-	213,873
-		-	-	6,708,968	112,627	6,821,595
-		91	248,791	126,337	138,375	515,386
-		437,230	1,073,147	6,843,305	2,249,749	12,674,973
-		468,435	(4,573)	80,003	475,216	1,342,976

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --
RESTRICTED FUNDS (CONTINUED)**

Year Ended June 30, 2011

	<hr/>			
	Insurance	Unemployment Compensation	Early Retirement	Equipment Replacement
<hr/>				
Excess (deficiency) of revenues over (under) expenditures	\$ 138,805	\$ 50,085	\$ 53,964	\$ 81,041
Transfers:				
Non-mandatory transfers in	-	-	-	534,149
Non-mandatory transfers (out)	-	-	-	(961,214)
<hr/>				
Net change in fund balances	138,805	50,085	53,964	(346,024)
Fund balance beginning of year	303,542	(4,669)	(113,941)	915,551
<hr/>				
Fund balance end of year	\$ 442,347	\$ 45,416	\$ (59,977)	\$ 569,527
<hr/>				

**Schedule 6
(Continued)**

Cash Reserve	Iowa Industrial New Jobs Training Program	Workforce Investment Act and Promise Jobs	Scholarships	Other	Total
\$ -	\$ 468,435	\$ (4,573)	\$ 80,003	\$ 475,216	\$ 1,342,976
-	896,218	-	104,677	213,686	1,748,730
-	(1,020,581)	-	(101,318)	(424,893)	(2,508,006)
-	344,072	(4,573)	83,362	264,009	583,700
264,342	302,036	226,859	(44,870)	(188,272)	1,660,578
\$ 264,342	\$ 646,108	\$ 222,286	\$ 38,492	\$ 75,737	\$ 2,244,278

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS

AGENCY FUNDS

Year Ended June 30, 2011

	Student Clubs and Organizations	Iowa Small Business New Jobs Training Program	Federal Direct Student Loan Program
Balances, beginning of year	\$ 219,837	\$ 309,847	\$ -
Additions:			
Tuition and fees	189,769	-	-
Federal appropriations	-	-	9,391,330
State appropriations	-	113,683	-
Sales and service	-	-	-
Interest income from investments	-	-	-
Miscellaneous	80,575	-	-
Transfers in	168,947	-	-
Total additions	439,291	113,683	9,391,330
Deductions:			
Salaries and benefits	77	-	-
Services	2,042	158,751	9,391,330
Materials and supplies	-	-	-
Travel	877	-	-
Scholarships and grants	-	-	-
Miscellaneous	180,114	-	-
Transfers out	250,105	23,202	-
Total expenditures	433,215	181,953	9,391,330
Net additions and deductions	6,076	(68,270)	-
Balances, end of year	\$ 225,913	\$ 241,577	\$ -

See Note to Supplementary Information.

Schedule 7

Other		Total	
\$	75,879	\$	605,563
295,534		485,303	
-		9,391,330	
-		113,683	
7,287		7,287	
19,653		19,653	
701,402		781,977	
35,528		204,475	
1,059,404		11,003,708	
222,394		222,471	
43,412		9,595,535	
33,260		33,260	
3,176		4,053	
19,946		19,946	
56,383		236,497	
201,153		474,460	
579,724		10,586,222	
479,680		417,486	
\$ 555,559	\$	1,023,049	

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

Year Ended June 30, 2011

Statements presented in the supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures and changes in fund balances is the statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the District, the accounts of the District are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions are accounted for and reported by fund group. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contract with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection or other disposition of investments and other noncash assets are accounted for in the fund, which owned such assets. Ordinary revenue derived from investments, receivables and the like, is accounted for in the fund owning such assets.

The District utilizes the following fund groups:

Current Funds: The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the District and consist of the following:

Unrestricted Fund The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the District. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprise subgroup accounts for activities which are intended to provide noninstructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the District. In addition, it accounts for activities that provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

The scholarships and grants subgroup accounts for resources available for awards to students which are no in payment of services rendered to the District and which will not require repayment to the District.

The District has agreements with various businesses under the Iowa Industrial New Jobs Training Program (NJTP). The District administers the program, with the revenues and expenditures being restricted by the State for use in this program. The District is accounting for the activity of the NJTP in the Restricted Current Funds.

NOTE TO SUPPLEMENTARY INFORMATION
Year Ended June 30, 2011

Loans Funds The Loan Funds are used to account for loans to students.

Plant Funds The Plant Funds are used to account for transactions relating to investment in the District's properties and consist of the following self-balancing subfunds.

Unexpended: This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of indebtedness: This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in plant: This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds The Agency Funds are used to account for assets held by the District in a custodial capacity or as an agent for others. Agency Funds; assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement or revenues or expenditures.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CREDIT AND CONTACT HOURS

Year Ended June 30, 2011

Category	Credit Hours		Total
	Eligible for Aid	Not Eligible for Aid	
Arts and Sciences	58,972	-	58,972
Vocational Education	15,514	-	15,514
Adult/Continuing Education	-	-	-
Relative services and activities	-	-	-
	74,486	-	74,486

Schedule 8

Contact Hours		
Eligible for Aid	Not Eligible for Aid	Total
1,143,924	-	1,143,924
381,873	-	381,873
252,415	23,943	276,358
-	3,591	3,591
1,778,212	27,534	1,805,746

IOWA VALLEY COMMUNITY COLLEGE DISTRICT**Schedule 9****SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES
For the Last Five Years**

	Year Ended June 30,				
	2011	2010	2009	2008	2007
Local Property Tax	\$ 8,158,905	\$ 8,387,272	\$ 8,007,097	\$ 6,111,570	\$ 2,794,441
State	8,404,161	8,339,792	9,703,794	9,286,788	8,173,972
Federal	10,537,603	9,031,124	5,635,737	5,398,207	4,961,791
Total	\$ 27,100,669	\$ 25,758,188	\$ 23,346,628	\$ 20,796,565	\$ 15,930,204

**SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
For the Last Five Years**

	Year Ended June 30,				
	2011	2010	2009	2008	2007
Revenues:					
Tuition and fees	\$ 12,415,322	\$ 11,840,096	\$ 10,569,489	\$ 9,722,717	\$ 9,308,933
Federal appropriations	10,272,918	9,031,124	5,635,737	5,398,207	4,961,791
Iowa Industrial New					
Jobs Training Program	734,179	755,284	126,998	443,054	849,651
State appropriations	7,600,479	7,454,587	9,135,825	8,790,312	8,076,377
Property tax	3,352,247	3,414,606	3,117,447	2,676,194	2,285,177
Interest income on					
investments	29,730	85,802	168,850	342,254	468,224
Auxiliary enterprises	5,300,121	4,301,360	3,540,993	3,096,711	3,094,615
Miscellaneous	2,017,103	2,334,461	2,586,400	2,700,872	1,981,019
Total	\$ 41,722,099	\$ 39,217,320	\$ 34,881,739	\$ 33,170,321	\$ 31,025,787
Expenditures:					
Liberal arts and sciences	\$ 7,039,930	\$ 6,563,330	\$ 6,608,653	\$ 6,277,936	\$ 5,704,349
Vocational technical	4,062,416	3,335,223	3,516,374	3,117,830	2,764,019
Adult education	4,005,771	4,385,891	4,325,487	4,353,103	4,357,449
Cooperative services	139,859	906,370	123,438	547,971	722,804
Administration	3,760,728	4,185,175	3,843,730	2,846,141	2,609,614
Student services	1,898,797	2,226,385	2,595,514	2,668,599	2,505,632
Learning resources	308,779	403,881	531,358	485,317	502,383
Physical plant	2,416,501	2,026,131	1,980,232	1,846,972	1,792,134
General institution	3,287,024	3,160,641	2,797,377	2,930,965	2,614,364
Auxiliary enterprises	5,889,583	5,004,438	3,906,825	3,328,213	3,257,506
Scholarships and grants	6,708,968	5,737,046	3,674,622	3,136,390	2,850,073
Interest on indebtedness	213,873	226,201	259,135	303,319	362,595
Total	\$ 39,732,229	\$ 38,160,712	\$ 34,162,745	\$ 31,842,756	\$ 30,042,922

See accompanying Independent Auditor's Report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	Federal CFDA Number	Federal Expenditures	New Loans
U.S. Department of Education:			
Direct programs:			
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 140,181	\$ -
Federal Direct Student Loans	84.268	-	9,391,330
Federal Work-Study Program (FWS)	84.033	237,120	-
Federal Pell Grant Program	84.063	6,158,052	-
Federal Academic Competitiveness Grant Program (ACG)	84.375	89,368	-
Total student financial assistance cluster		6,624,721	9,391,330
TRIO Student Support Services	84.042	121,229	-
Fund for the Improvement of Postsecondary Education	84.116	558,120	-
Passed Through Iowa Department of Education:			
Vocational education:			
Carl Perkins	84.048A	125,455	-
Tech Prep Curriculum Development	84.243A	66,967	-
iCreate Title III	84.031A	584,365	-
Teacher Training	84.002	6,814	-
Adult Basic Education	84.002	98,306	-
ESL	84.002	19,103	-
		124,223	-
ARRA Education Stabilization Fund	84.394	307,159	-
Total U.S. Department of Education		8,512,239	9,391,330
U.S. Department of Labor:			
Passed through Iowa Workforce Development:			
Non-ARRA Workforce Investment Act (WIA):			
Adult Formula and Statewide	17.258	73,995	-
Youth and Statewide	17.259	124,684	-
Discretionary	17.260	145,570	-
Navigator	17.266	3,429	-
General Administration	17.260	63,248	-
Total Non-ARRA Workforce Investment Act		410,926	-

(Continued on next page)

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule 11
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	Federal CFDA Number	Federal Expenditures	New Loans
U.S. Department of Labor (Continued):			
ARRA Workforce Investment Act (WIA):			
ARRA Admin Stimulus	17.258	\$ 21,784	\$ -
ARRA Adult Formula and Statewide	17.258	3,041	-
ARRA Staff Training	17.260	1,140	-
Total ARRA Workforce Investment Act		25,965	-
Total Workforce Investment Act Cluster		436,891	-
Trade Adjustment Assistance Workers	17.245	400	-
Unemployment Insurance	17.225	5,214	-
State Energy Sector Partnership	17.275	74,109	-
National Career Readiness	17.260	17,443	-
General Administration	17.207	10,512	-
ARRA - Re-employment Services	17.207	7,759	-
Employment Services (Wagner Peyser)	17.207	5,883	-
		24,154	-
WIA National Emergency Grants	17.277	115,339	-
Disabled Veterans Outreach Program	17.801	1,095	-
WIA Pilots, Demonstrations and Research Projects - Latham	17.261	418,737	-
Passed through Iowa Department of Education:			
Employment and Training Administration Pilots, Demonstrations, and Research Projects - New Iowan Center	17.261	1,539	-
		420,276	-
Total U.S. Department of Labor		1,094,921	-

(Continued on next page)

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule 11
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	Federal CFDA Number	Federal Expenditures	New Loans
U.S. Department of Health and Human Services:			
Passed through Iowa Workforce Development, Job Opportunities and Basic Skills Training (Promise Jobs)	93.558	\$ 430,986	\$ -
Temporary Assistance for Needy Families - Summer Youth Program	93.714	35,514	-
Total U.S. Department of Health and Human Services		<u>466,500</u>	<u>-</u>
U.S. Department of Energy:			
Electricity Delivery and Energy Reliability, Research, Development and Analysis - ARRA	81.122	220,087	-
Total U.S. Department of Energy		<u>220,087</u>	<u>-</u>
U.S. Department of Agriculture:			
Entrepreneurial Agriculture	10.856	243,856	-
Total U.S. Department of Agriculture		<u>243,856</u>	<u>-</u>
		<u>\$ 10,537,603</u>	<u>\$ 9,391,330</u>

See Note to Schedule of Expenditures of Federal Awards

IOWA VALLEY COMMUNITIY COLLEGE DISTRICT

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iowa Valley Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2011

COMMENT

CORRECTIVE ACTION

Significant deficiencies and material weaknesses in internal control over financial reporting:

II-A-10: Inadequate post closing and financial reporting process. Corrected.

Compliance findings for Federal Awards:

III-A-10: Certain Pell disbursement dates submitted to the Common Origination and Disbursement (COD) system were not accurate. Uncorrected: See current year finding at III-A-11.

III-B-10: Certain FFEL loans were not awarded properly. Corrected

III-C-10: Return of Title IV funds calculation not performed. Corrected

III-D-10: Certain provisions of the loan agreements were not performed. Corrected

III-E-10: Inconsistent cost allocation process. Corrected

Statutory reporting:

IV-1-10: Contact hours reported did not agree to class schedule. Corrected.

**IOWA VALLEY
COMMUNITY COLLEGE DISTRICT**



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Iowa Valley Community College District:

We have audited the accompanying financial statements of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 12, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Valley Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Valley Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Valley Community College's financial statements will not be prevented or detected and corrected on a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Valley Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and Iowa Valleys, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Valley Community College's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's responses, we did not audit Iowa Valley Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Valley Community College and other parties to whom Iowa Valley Community College may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Valley Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in blue ink that reads "John Company L.C.P." The signature is stylized with a large, flowing 'J' and 'C'.

Fort Dodge, Iowa
March 12, 2012



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Iowa Valley Community College:

Compliance

We have audited Iowa Valley Community College's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Iowa Valley Community College's major federal programs for the year ended June 30, 2011. Iowa Valley Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Valley Community College's management. Our responsibility is to express an opinion on Iowa Valley Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Valley Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Valley Community College's compliance with those requirements.

In our opinion, Iowa Valley Community College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item III-A-11.

Internal Control Over Compliance

The management of Iowa Valley Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Valley Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Iowa Valley Community College's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's responses, we did not audit Iowa Valley Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Valley Community College and other parties to whom Iowa Valley Community College may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Schumacher Company L.L.P." in a cursive, stylized font.

Fort Dodge, Iowa
March 12, 2012

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance that is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) The audit disclosed audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) Major programs were as follows:

- **Clustered Programs:**

- WIA Cluster:

- CFDA Number 17.258 – WIA Adult Formula and Statewide
 - CFDA Number 17.259 – WIA Youth and State
 - CFDA Number 17.260 – WIA Staff Training
 - CFDA Number 17.258 – ARRA – WIA Admin Stimulus
 - CFDA Number 17.258 – ARRA – WIA Adult Formula and Statewide
 - CFDA Number 17.260 – ARRA – Staff Training

- Student Financial Assistance Cluster:

- CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants (SEOG)
 - CFDA Number 84.268 – Federal Direct Student Loans
 - CFDA Number 84.033 – Federal Work-Study Program (FWS)
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.375 – Federal Academic Competitiveness Grant Program (ACG)

- TANF Cluster:

- CFDA Number 93.558 – Job Opportunities and Basic Skills Training (Promise Jobs)
 - CFDA Number 93.714 – Temporary Assistance for Needy Families – Summer Youth Program

- CFDA Number 84.394 – ARRA Education Stabilization Fund

- CFDA Number 84.031A– iCreate Title III.

- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Iowa Valley Community College District did not qualify as a low-risk auditee.

**Schedule of Findings and Questioned Costs
(Continued)
Year Ended June 30, 2011**

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies

No matters were reported.

Instances of Noncompliance

No matters were reported.

Part III: Findings and Questioned Costs For Federal Awards:

Internal Control Deficiencies

No matters were reported.

Instances of Noncompliance

III-A-11 Compliance Findings

**U.S. Department of Education
Student Financial Assistance Program Cluster
Federal Pell Grant Program (CFDS 84.063)
Federal Award Year: 2010-2011**

Finding: Certain Pell disbursement dates submitted to the Common Origination and Disbursement (COD) system were not accurate.

Conditions: The disbursement dates submitted to the COD for certain students were the dates of submission to COD, not the date disbursements were made to the student (credit student account) or the date federal funds were drawn.

Criteria: Per 34 CFR 690.83, an institution shall report to the Secretary payments made for grants on a timely basis. According to the COD Technical Reference Guide the disbursement date reported should be the actual date that the disbursement was made to the student.

Context: Certain Pell disbursements tested were reported as the date the information was entered into the COD system, not the actual disbursement date.

Effect: Noncompliance with federal regulations.

Questioned Cost: None

**Schedule of Findings and Questioned Costs
(Continued)
Year Ended June 30, 2011**

Part III: Findings and Questioned Costs For Federal Awards (Continued):

Recommendation: Management should make sure those entering information in the system are aware of the proper dates to report and periodically review that dates are appropriate.

Response and Corrective Action Plan: Since this was a new process, the date that we were submitting out of Powerfaids was not the accurate date. The date being submitted was the date that was hard coded in the Powerfaids system. We did not realize this was happening until the 2009-10 audit, so there were records inaccurately submitted for the 2010-11 year also. We have since, however, corrected this process to enter the same date that the funds were disbursed on.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the amount budgeted.
- IV-B-11 Questionable Disbursements – No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Publication – The District published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-11 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District.

**Schedule of Findings and Questioned Costs
(Continued)
Year Ended June 30, 2011**

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the amount budgeted.
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- IV-H-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-11 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Valley Community College District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Fort Dodge, Iowa
March 12, 2012

IOWA VALLEY COMMUNITY COLLEGE DISTRICT

**Corrective Action Plan
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
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Compliance Findings for Federal Awards:

III-A-11	Certain Pell disbursement dates submitted to the COD system were not accurate.	See corrective action plan at III-A-11	Barb Klein, Dean of Enrollment Services	June 2012
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